Annual Report 2002 2003

Yukon Housing Corporation

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Yukon
Community Services
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[Closeleigh Manor]

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[Letter of Transmittal]

The Honorable Glenn Hart, Minister
Yukon Housing Corporation
Government of Yukon

Dear Mr. Hart:

I am pleased to submit the Annual Report of the Yukon Housing Corporation for the year ended March 31, 2003. Included in the report are results-focused narratives, an overview of programs and services, and the financial statements from the Auditor General of Canada.

Respectfully,

Charles E. Bullen

Charles Bullen, Chair
Board of Directors
Yukon Housing Corporation

[Glenn Hart, Minister]

[Our Vision]

The quality of life in the Yukon is enhanced by the availability of choices for safe and affordable housing that meets the needs of Yukoners.

[Our Mission]

To improve the quality of housing in the Yukon, and help Yukoners resolve their housing needs.

[Our Values]

As a corporation, we value and demonstrate:

- The opportunity to assist our customers
- Consistent high quality service
- An environment of mutual respect
- Co-operation through teamwork
- Development and growth of our people
- Integrity and ethical behavior
- Innovation and continuous improvement

[R-2000 Program]

[Report of the Chair]

On behalf of the Board of Directors, I would like to comment on the performance of the Yukon Housing Corporation (YHC) during the 2002-03 fiscal year. Many changes have affected YHC, including the organizational alignment with the Department of Community Services and the Yukon Liquor Corporation.

Marc Tremblay was appointed as President early in the year, and the Hon. Glenn Hart became the new Minister Responsible for Yukon Housing Corporation following the change in territorial government. Throughout these changes, YHC continued to deliver high quality programs and services across the Yukon.

Thousands of Yukoners depended on YHC as they accessed our programs, services, technical expertise and educational forums. Whether it was staff housing in Old Crow, social housing in Ross River, mortgage financing in Marsh Lake or home repairs in Riverdale, Yukoners engaged YHC to help address their housing needs. Our involvement helped individuals, families and seniors, and contributed to the Yukon economy. In addition, we generated positive change for the environment by helping to reduce green house gas emissions.

The 'Affordable Housing Initiative' was signed with Canada Mortgage and Housing Corporation (CMHC), creating the potential for CMHC to flow up to $5.5 million into affordable housing in the Yukon. Funding under this initiative can be used for two Yukon designed programs – new social housing for seniors, and major repairs on affordable housing that would otherwise be lost. Demographic research and the Community Housing Studies helped us determine that seniors' housing is a priority.

YHC is pleased to report that the construction of a new staff housing unit in Ross River, along with 24 Renovation & Rehabilitation projects to YHC's housing portfolio (a combined contract value of approximately $750,000), were awarded to Yukon companies. Projects ranged from electrical upgrades to furnace replacements, and were performed in nine different Yukon communities.

A growing number of Yukoners are welcoming the positive effects of energy efficiency, including First Nations. In continuing to strengthen its working relationship with First Nations, YHC has entered into a tri-lateral agreement with the Kaska Tribal Council and DIAND to introduce energy efficiency testing on First Nation homes.

[Acommodating Home Program]

[Report of the Chair]

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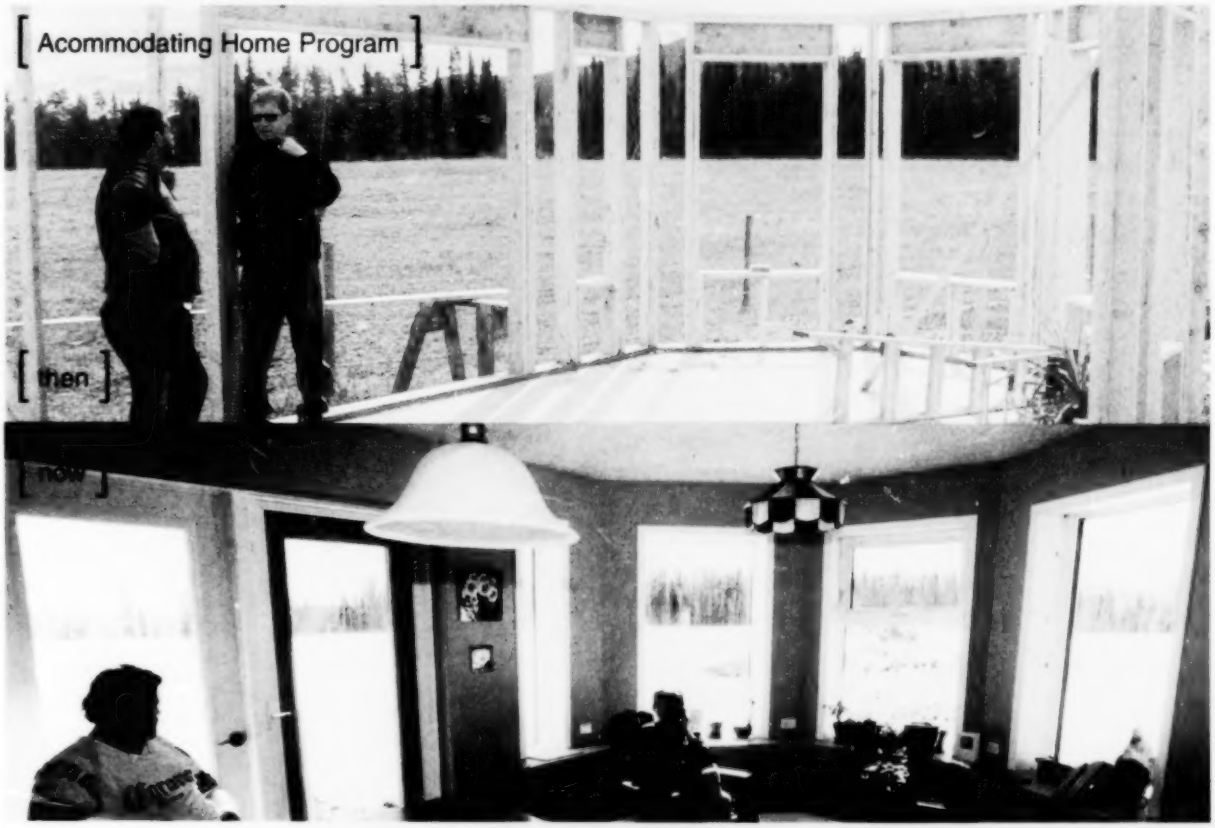
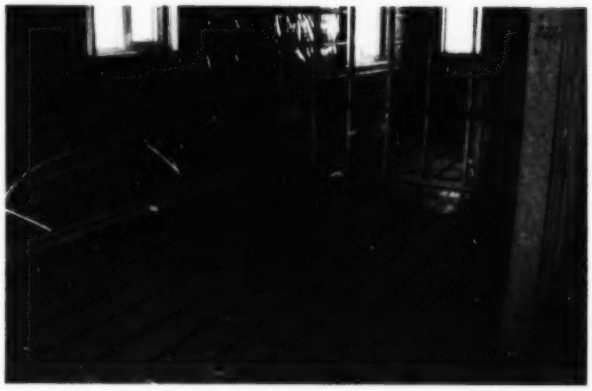




As the delivery agent for Natural Resources Canada's EnerGuide for Houses Program, YHC undertook a total of 349 residential energy audits, which is approximately 145% more than last year. Upgraded housing resulting from these audits will reduce heating costs for the homeowner, reduce green house gas emissions, and stimulate economic activity.

YHC also designed a series of workshops to respond to the need identified by several First Nations for good housing design that meets the requirements of Yukoners and is suitable for the northern environment. The three day workshop provided opportunities to share information on housing design concepts, new technologies and "how to" demonstrations of the new technologies. There were also hints and tips with practical applications.

The workshop was targeted to First Nation staff involved in housing, such as housing managers, capital project managers/directors, and housing committee representatives. Participants from 11 First Nations and one Tribal Council attended the workshops. The workshop evaluations showed that the event was well appreciated and valued by the participants.

I am also very pleased by the development and implementation of the 'Accommodating Home Mortgage Program'. YHC provided technical assistance and mortgage financing to two clients so that they could have their homes constructed to the new standards, which seek to help Yukoners live at home as long as possible despite physical limitations and aging.

In closing, I would like to thank the 52 Yukoners who served on our Community Housing Boards and the YHC Board of Directors. Your dedication to your community and its well-being is much appreciated. I extend a special thank you as well to the staff of YHC and Shared Services in Community Services for providing such high quality service to Yukoners. Our success is a reflection of your devotion and hard work.

Sincerely,

Charles E. Bullen

Charles Bullen, Chair
YHC Board of Directors

Corporate Profile

Yukon Housing Corporation was established in 1972 under the Housing Corporation Act. The role of the Corporation is to:

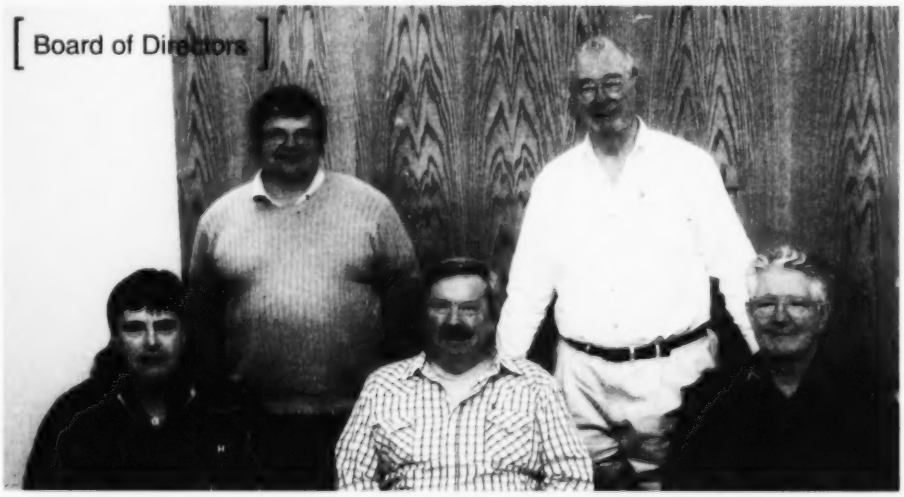
- help Yukon residents obtain appropriate accommodation;
- cooperate with the housing industry in meeting the housing needs of Yukoners;
- foster community participation in the design, development and delivery of housing programs; and
- administer the Government of Yukon staff housing and employee buy-back programs.

The Corporation is accountable to the citizens of Yukon through its Board of Directors. The Board is comprised of a chair, a deputy-chair and directors appointed by the Executive Council of the Yukon Government. The Board is in turn responsible to the Legislature through the Minister.

In April 2002, the new Department of Community Services was established and received the mandate to create close alignments with Yukon Housing Corporation and Yukon Liquor Corporation. The alliance strengthens the Government of Yukon's abilities to build capacity and to deliver quality programs and services in the communities. All three organizations report to the same Minister and to the same Deputy Minister, who is also President of the YHC.

The organizations will share corporate services in the areas of Human Resources, Finance, and Policy and Communications. The resources are consolidated to achieve a consistent level of service, administration, and communication. Shared Services for Human Resources was implemented in the 2002-03 fiscal year, while the two remaining service areas will come on stream in the next fiscal year.

[Board of Directors]



Board of Directors: (left to right) Alex Morrison, Dan Ryan, Charles Bullen, Art Deet, Rudy Couture.

Bert Goodwin, Kaska Tribal Council; Emma Dorressy, Kaska Tribal Council; Bill Johnson, DIAND

Emma Dorressy, Kaska Tribal Council; Marc Perreault, YHC

Report on Strategic Initiatives

During the 2002-2003 fiscal year, the Yukon Housing Corporation (YHC) strove to achieve the Yukon Government's strategic priorities, including rebuilding the economy, formalizing government to government relationships with First Nations, and achieving a better quality of life, through key initiatives.

Rebuilding the Economy

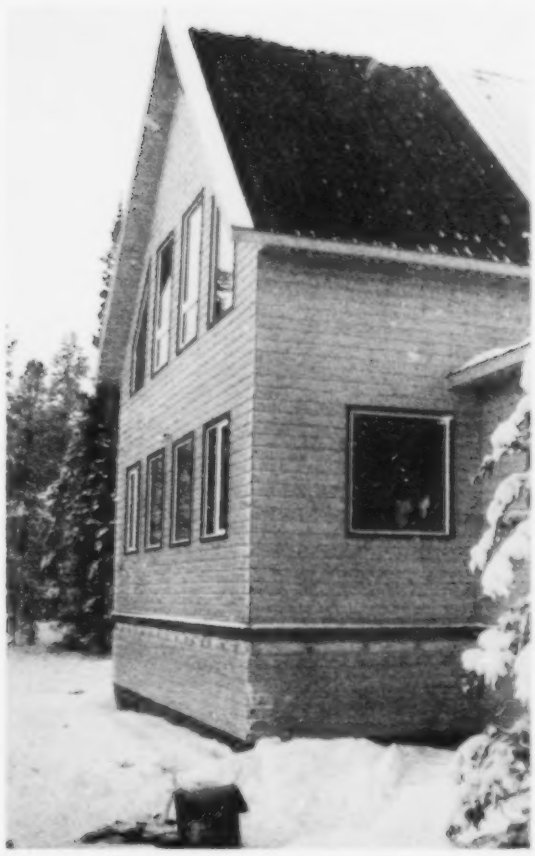
Yukon Housing Corporation (YHC) helps to maintain a stable Yukon economy, and to rebuild it. YHC generates extensive economic activity through its lending programs, to the benefit of local and territorial economies.

During the 2002-03 fiscal year, YHC lent approximately $9 million to Yukoners for their housing needs. This financing led to more contracts for tradespeople and for professionals such as architects, lawyers and realtors, as well as increased retail sales for local manufacturers and distributors of construction materials.

The Department of Finance makes the following conclusions regarding the 2002 performance of the construction industry:

> *The bright spot for Yukon's building construction industry in 2002 was the strong performance of the residential sector. Following the national trend, lower interest rates appear to be fuelling continued strong demand for new residential units.*
>
> *The number of residential permits issued was up 24% to 841 and the value of residential construction rose 31% to $20.5 million. Incentive programs offered through Yukon Housing are helping Yukoners invest in housing and are also supporting growth in the residential sector".*
>
> (2003 Yukon Economic Outlook)

Another potential economic driver for the construction industry is the Natural Resources Canada EnerGuide for Houses program. During the year, a total of 349 residential energy evaluations were conducted – up 145% from the previous year. The evaluation provides homeowners with detailed information on how to improve the energy efficiency of their homes.



YHC anticipates this knowledge will affect the Yukon's economy by triggering an increase in employment and local purchasing.

There is also the potential for developing the "green economy" – based on environmentally conscious choices, where entrepreneurs take advantage of the spending trends and respond with new venture capital investments, technologies, materials and businesses.

Achieving a better quality of life – First Nations and Yukon Housing Corporation

YHC has been partnering with Yukon First Nations to help create a better quality of life through housing that is appropriate for northern living.

One of the ways YHC has contributed to this initiative is by conducting a three-day Housing Innovation workshop, with financial assistance from the Department of Indian and Northern Affairs.

The workshop was based on topic requests from Yukon First Nations. It was a building block towards assisting in capacity building, and developing further partnerships with First Nations.

Participants discussed housing design and technologies proven to work in the North, as well as in practical information to help them better manage and maintain housing units within the communities.

The exchange of knowledge, skills and information on housing design concepts, new technologies, "how to" demonstrations, and hints and tips with practical applications, were clearly appreciated.

Work is already underway for the second Yukon and Northern First Nations Housing Conference and Trade Show, to be held in Whitehorse in October 2003. The event will be presented by YHC, Canada Mortgage and Housing Corporation, and Indian and Northern Affairs Canada, in partnership with First Nation communities.

Formalizing a Government to Government Relationship with First Nations

YHC is committed to formalizing its government to government relations with First Nations. A prime example is the Northern Housing EnerGuide Project.

This pilot project results from a collaborative effort between YHC, the Kaska Tribal Council (KTC), and the Department of Indian and Northern Affairs (DIAND). Its cost is estimated at approximately $200,000, including a contribution of new funding from DIAND in excess of $100,000. The remainder comes from the Operating Agreement between Natural Resources Canada and YHC. The project also generates many potential positive economic outcomes.

The KTC is comprised of the Ross River Dene Council, the Liard First Nation, the Daylu Dena Council and the Dease Lake First Nations. The pilot project consists of performing 379 EnerGuide for Houses audits for four First Nation communities, and compiling the information into effective management plans for each community. It is anticipated the project will be completed early in the 2003-04 fiscal year.

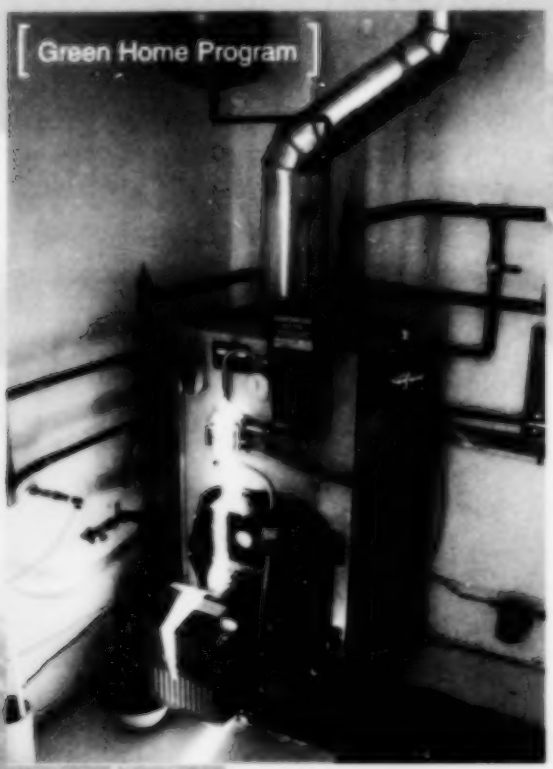
In addition to performing the energy audit, the certified EnerGuide for Houses advisors will also inspect the homes and provide complete inventory condition checklists. These lists, along with the energy audits, will be used to create a summary report for each community. The reports will enable the Kaska Tribal Council to develop an effective work plan encompassing energy efficiency and housing condition issues.

The possibility of extensive energy efficiency upgrades can lead to savings for homeowners, stimulate economic activity, and reduce green house gas emissions.

YHC will explore the feasibility of similar projects with other Yukon First Nations in the 2003-04 fiscal year.

(left to right) Rick Dale, DIAND; Emma Donnessy, Kaska Tribal Council; Marc Perreault, YHC

[Northern Housing EnerGuide Project Agreement]



During the course of the fiscal year, Yukon Housing Corporation (YHC) provided a comprehensive assortment of programs and services to Yukoners, in the areas of education, consumer and corporate lending, and staff and social housing.

The following profiles detail the intent of the program or service, and where applicable, the number of applications received from 1999 to 2002.

Home Ownership Programs

Home Ownership (Mortgage Financing)

Provides conventional mortgage financing with a requirement of a 2.5% down payment.

Number of Applicants

1999-00	2000-01	2001-02	2002-03
108	164	182	176

Green Mortgage

Provides a reduced interest rate for energy-efficient homes - either new home construction or an upgrade of an existing home.

Number of Applicants

1999-00	2000-01	2001-02	2002-03
18	17	8	10

R-2000

YHC is the delivery agent licensed to deliver R2000 for Natural Resources Canada. R2000 promotes the construction of quality, energy-efficient, comfortable housing.

Number of Certified Homes

1999-00	2000-01	2001-02	2002-03
2	2	7	6

Owner-Build

Assists clients in building their own homes by providing construction financing for up to two years. The client contributes labour and takes YHC's self-help building course(s), unless they possess demonstrated project management skills.

Number of Applicants

1999-00	2000-01	2001-02	2002-03
23	16	11	11

Home Completion

Provides funding to home owners in rural Yukon to complete home construction.

Number of Applicants

1999-00	2000-01	2001-02	2002-03
9	11	6	6

Mobile Home Equity Exchange

Assists mobile home owners in rented stalls whose current living conditions are below standard, to obtain home ownership on titled property.

Number of Applicants

1999-00	2000-01	2001-02	2002-03
1	0	0	1

Mobile Home Ownership

To assist low-income mobile home owners in rented stalls to obtain home ownership on titled property.

Number of Applicants

1999-00	2000-01	2001-02	2002-03
3	5	6	0

Mobile Home Relocation

Assists mobile home owners to relocate from a rented stall onto titled property.

Number of Applicants

1999-00	2000-01	2001-02	2002-03
7	0	0	2

Extended Mortgage Guarantee

Provides Yukoners residing in rural communities with access to insured mortgage financing through local banks for new home construction. Combines existing mortgage insurance available through CMHC with mortgage insurance from YHC. Homeowners can access up to 95% of the cost of a new home through their financial institutions.

Number of Applicants

1999-00	2000-01	2001-02	2002-03
0	0	0	0

Home Repair and Upgrade Programs

EnerGuide for Housing Audits

Assists clients in identifying repair and upgrade options that will save on energy costs. Private sector auditors trained by YHC to conduct EnerGuide audits. Audit costs are cost-shared by YHC, Natural Resources Canada and the client.

Number of Housing Audits

1999-00	*2000-01*	*2001-02*	*2002-03*
211	167	142	349

Home Repair

Provides low interest loans up to $35,000 to bring homes up to current standards. Low-income households may also receive further assistance.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
146	211	161	159

Home Repair Enhancement

Assists those seeking over $35,000 for repairs.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
5	7	10	9

Mobile Home Upgrade

Assists mobile home owners located on rented property to make repairs to a minimum standard.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
14	14	19	12

Mobile Home Emergency Repair

Assists mobile home owners located on rented property to make emergency repairs.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
1	2	0	1

Residential Energy Management Program

Assists home owners to replace existing electrical heating systems with an alternative system by providing low interest loans.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
52	38	19	20

Industry Partnering

Housing Industry Development

Promote investment opportunities for Yukon housing industry.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
N/A	1	0	0

Joint Venture

Increases the supply of modestly priced housing by entering into partnership with private sector developers for housing and/or development projects.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
3	3	1	1

Mobile Home Park Enhancement

Assists owners of mobile home parks to upgrade infrastructure and living conditions in privately owned mobile home parks.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
0	0	0	0

Rental Rehabilitation

Assists landlords to upgrade rental accommodation to current standards, increase energy efficiency, and improve accessibility for seniors and those with disabilities.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
6	15	10	5

Rental Suite

Assists homeowners to build a rental suite where market conditions warrant or to upgrade an existing suite.

Number of Applicants

1999-00	*2000-01*	*2001-02*	*2002-03*
6	4	5	4

Education & Training

HRAI Ventilation, Combo Heating & Heat Loss Calculation Series

These certification courses are offered to designers, installers and service people in the residential building industry, to provide upgrading to ventilation and heating equipment.

Number of Participants

1999-00	*2000-01*	*2001-02*	*2002-03*
29	N/A	45	42

EnerGuide and R-2000 Builder Updates and Workshops

These workshops cover the principles of building high quality, energy efficient, healthy homes.

Number of Participants

1999-00	*2000-01*	*2001-02*	*2002-03*
42	23	40	43

Self- Help Course

This course provides basic information/education on managing home construction and renovation. This course is co-sponsored with Yukon College.

Number of Participants

1999-00	*2000-01*	*2001-02*	*2002-03*
12	30	0	16

Staff And Social Housing Programs

Employee Buy-Back Program

Assists rural Yukon Government employees in selling their homes. Employees advertise their homes for 60 days and if the home does not sell, the employee can apply for buy-back. If approved, the price paid by the Corporation for a housing unit is $68,400 or 93% of appraised value, whichever is less.

Number of Clients

199-00	*2000-01*	*2001-02*	*2002-03*
0	2	0	0

Staff Rental Program

Housing is rented to Yukon Government Employees in rural communities.

Community	# of Staff Housing Units
Beaver Creek	2
Carcross	4
Carmacks	15
Dawson City	23
Destruction Bay	2
Faro	23
Haines Junction	6
Mayo	7
Pelly Crossing	7
Old Crow	7
Ross River	12
Teslin	9
Watson Lake	31
Total	148

[Louise Fraser, *Whitehorse Housing Authority Board Member*]

Private Non-Profit Housing

Projects funded under this program include:

- Gateway Housing (Whitehorse), a 39-unit seniors apartment complex. Rent is geared to income and cannot exceed 25% of gross monthly household income.
- Kaushee's Transition Home (Whitehorse), with 24 beds and five second stage housing units.
- Thomson Centre (Whitehorse), an extended care facility with 30 beds.

Public Non-Profit Housing

YHC administers and maintains social housing units in eight communities and Whitehorse. Rent is geared to income and cannot exceed 25% of gross monthly household income.

Rent Supplement Program

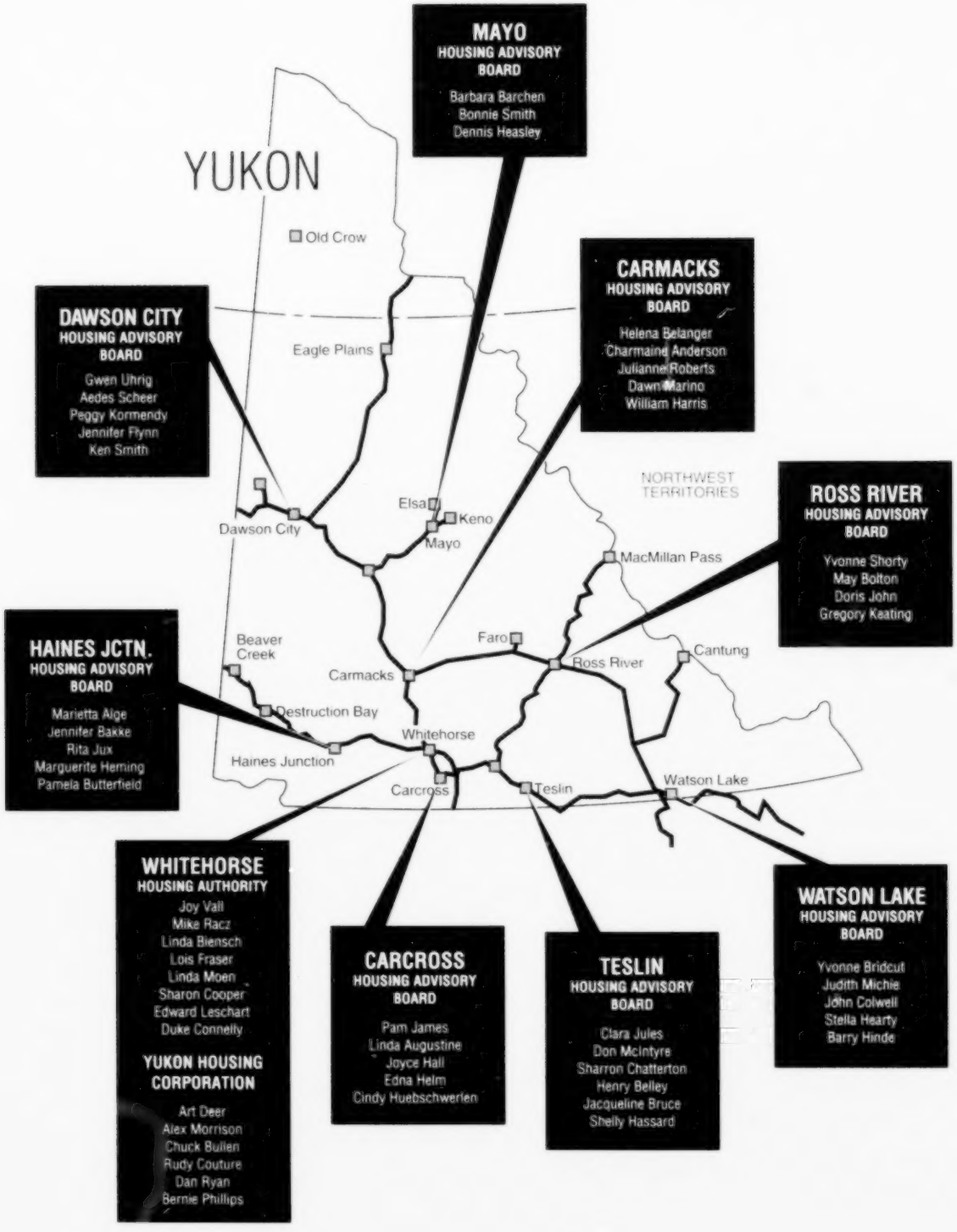
Subsidizes rents in eligible private rental dwellings. Rent is geared to income and cannot exceed 25% of gross monthly household income. YHC has 40 units in Whitehorse under this program including 6 units with the Whitehorse Housing Co-operative.

Social Housing Program

Housing is rented to Yukon eligible clients in the following communities.

Community	# of Social Housing Units
Carcross	6
Carmacks	18
Dawson City	66
Haines Junction	13
Mayo	23
Ross River	15
Teslin	13
Watson Lake	33
Whitehorse	324
Total	511

Housing Advisory Boards, Whitehorse Housing Authority and YHC Board of Directors



Management's Responsibility for Financial Statements

Yukon Housing Corporation

Management's Responsibility for Financial Statements

The financial statements contained in this annual report have been prepared by management in accordance with Canadian generally accepted accounting principles, and the integrity and objectivity of the data in these financial statements are management's responsibility.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act* as well as tne *Housing Corporation Act* and the by-laws of the Corporation.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Financial Management Committee, which meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Financial Management Committee reviews the audited financial statements with the external auditor before making recommendations to the Board of Directors for their acceptance.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and issuing a report which is included with the financial statements. The Auditor General of Canada provides her report to the Minister responsible for Yukon Housing Corporation.

Marc Tremblay
President

Elaine Carlyle, CGA
A/Director, Finance and Administration

August 8, 2003

Auditor's Report

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the
Yukon Housing Corporation

I have audited the balance sheet of the Yukon Housing Corporation as at March 31, 2003 and the statements of equity, operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Housing Corporation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Housing Corporation Act* and the by-laws of the Corporation.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
August 8, 2003

Balance Sheet

Yukon Housing Corporation
Balance Sheet
as at March 31, 2003

	2003	2002
Assets	Thousands of dollars	
Current		
Cash (Note 3)	$ 206	$ 236
Due from Canada Mortgage and Housing Corporation	279	279
Accounts receivable - other	928	530
Mortgages receivable - current portion (Note 4)	4,085	3,803
Housing held for sale (Note 5)	2,110	2,236
	7,608	7,084
Seniors' Housing Management Fund (Note 6)	979	646
Mortgages, agreements and loans receivable (Note 4)	45,562	43,720
Capital assets (Note 7)	30,707	31,734
	$ 84,856	$ 83,184
Liabilities		
Current		
Accounts payable	$ 1,450	$ 1,235
Due to Government of Yukon	2,662	109
Current portion of long-term debt (Note 8)	3,525	3,207
	7,637	4,551
Seniors' Housing Management Fund (Note 6)	979	646
Employee future benefits (Note 9)	650	693
Deferred revenue	497	523
Deferred capital funding from Government of Yukon (Note 10)	7,396	7,598
Long-term debt (Note 8)	46,039	47,678
	63,198	61,689
Equity		
Equity of Government of Yukon	21,658	21,495
	$ 84,856	$ 83,184

Approved by the Board of Directors

Director Director

The accompanying notes and schedules are an integral part of these financial statements.

Statement of Equity

Yukon Housing Corporation
Statement of Equity of Government of Yukon
Year ended March 31, 2003

	2003	2002
	Thousands of dollars	
Balance at beginning of year	$ 21,495	$ 19,091
Funding advanced from Government of Yukon (Note 11)	163	2,404
Balance at end of year	$ 21,658	$ 21,495

The accompanying notes and schedules are an integral part of these financial statements.

Statement of Operations

Yukon Housing Corporation
Statement of Operations
Year ended March 31, 2003

	2003	2002
	Thousands of dollars	
Revenues		
Recoveries - Cost shared agreements	$ 4,499	$ 4,268
Rental income	3,112	3,296
Interest income	2,846	2,623
Recoveries - Prior year bad debts and other	164	342
	10,621	10,529
Expenses		
Program costs (Schedule)	4,314	5,048
Personnel	3,179	3,337
Interest on long-term debt	2,094	2,224
Amortization	1,606	1,658
Administration (Schedule)	722	668
Loss on sale of housing projects	1	33
	11,916	12,968
Net results of operations before government funding	(1,295)	(2,439)
Government of Yukon funding		
Operating grant	452	1,492
Amortization of deferred capital funding	843	947
	1,295	2,439
Net results of operations after government funding	$ -	$ -

The accompanying notes and schedules are an integral part of these financial statements.

Statement of Cash Flows

Yukon Housing Corporation
Statement of Cash Flows
Year ended March 31, 2003

	2003	2002
	Thousands of dollars	
Operating activities		
Net income from operations	$ -	$ -
Adjustment for non-cash items		
(Decrease) increase in employee future benefits	(43)	21
Decrease in deferred revenue	(26)	(68)
Amortization of capital assets	1,606	1,658
Amortization of deferred capital funding	(843)	(947)
Loss on sale of housing projects	1	33
	695	697
Changes in non-cash components of working capital	2,214	(1,065)
Cash flows from (used in) operating activities	2,909	(368)
Investing activities		
Additions to housing projects	(563)	(456)
Additions to computer systems, furnishings, equipment and office building	(78)	(54)
Proceeds from sale of housing projects	61	69
Additions to mortgages and agreements receivable	(4,049)	(7,513)
Repayments and reductions of mortgages and agreements receivable	5,698	6,143
Cash flows from (used in) investing activities	1,069	(1,811)
Financing activities		
Repayment of long-term debt - rental housing units and office building	(988)	(920)
Repayment and reduction of long-term debt - other	(3,824)	(3,759)
Long term debt advanced from Government of Yukon	-	3,000
Funding for the acquisition of capital assets	641	504
Funding from Government of Yukon (Note 11)	163	2,404
Cash flows (used in) from financing activities	(4,008)	1,229
Decrease in cash	(30)	(950)
Cash at beginning of year	236	1,186
Cash at end of year	$ 206	$ 236
Supplemental Disclosure of Cash Flows Information		
Interest paid	$ 2,107	$ 2,238
Interest received	2,807	2,687

The accompanying notes and schedules are an integral part of these financial statements.

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

1. Authority and mission

Yukon Housing Corporation (the "Corporation") was established in 1972 by the *Housing Corporation Act* of the Yukon Territory to undertake and assist in the provision, development, maintenance and management of housing.

As reflected in the Corporation's Strategic Plan, the mission of the Corporation is to work in a fiscally responsible manner to resolve the housing needs of Yukoners and to strengthen the Yukon's economy through the housing sector by: helping the marketplace to work better; furthering the self-sufficiency of communities, industries and individuals; and assisting people where needed.

In carrying out its mission, the Corporation provides low rental housing which generates operating losses. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies follow:

(a) Grant provided by Government of Yukon

The *Housing Corporation Act* authorizes the Government of Yukon to pay the Corporation an operating grant equal to its operating deficit. The operating grant is reflected as a reduction to the net loss from operations, in the statement of operations. The portion of the funding used to purchase depreciable assets is recorded as deferred capital funding and amortized on the same basis and over the same periods as the related capital assets. Funding provided in excess of the operating grant is recorded as equity.

(b) Mortgages, agreements and loans receivable

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Mortgages receivable under the Home Repair Program are stated at estimated realizable value after providing allowances for payment subsidies.

Mortgages receivable under the Home Ownership Program are fully secured and are recorded at cost.

Mortgages receivable under the Rural and Native Housing Home Ownership Programs are stated at book value. Under the Social Housing Agreement (SHA) signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership mortgage. CMHC annual cost-shared funding provided to the Corporation includes an amount for subsidies.

Based on historical loss experience, management considers it necessary to establish an allowance for impaired loans. Loans are classified as impaired when: (1) the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due or (2) payments are 90 days or more in arrears, except in those cases where, in the opinion of management, there is justification to continue to accrue interest. Where appropriate, an impaired loan allowance has been established to adjust the loan carrying value to the net realizable amount.

Land sales agreements, which pertain to loans receivable from lots sold to purchasers for residential, commercial and recreational purposes, are recorded at cost.

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

(c) Housing held for sale

The development of Mountain View Place, consisting of titled mobile housing lots, is valued at the lower of cost and net realizable value.

Housing held for sale includes houses repossessed under the Home Ownership Program and the Rural and Native Housing Home Ownership program. These houses are recorded at the lower of cost and net realizable value.

(d) Capital assets

Capital assets are valued at cost, net of contributions from outside agencies and accumulated amortization. Interest on loans during construction of capital assets is capitalized.

Social housing projects financed by long-term debt are amortized using the sinking fund method based on the principal repayment of the associated debt.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets (except social housing projects financed by long-term debt as noted above):

Social housing projects not financed by long term-debt facilities:	15 years
Standard construction	35 years
Mobile home units	15 years
Office building	20 years
Other facilities	15 years
Furnishings and equipment	5 years
Computer systems	3 years

(e) Deferred revenue

Deferred revenue consists of funding received from Yukon Development Corporation to assist in funding a residential energy management initiative, and funding provided by Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement for future housing related projects and losses on interest and mortgage guarantees. Revenue for the energy management initiative is recognized as loan advances are given to clients, and CMHC funding will be recognized when housing related projects are undertaken or losses are incurred on the interest and mortgage guarantees.

(f) Employee future benefits

Employee future benefits - other non-pension benefit plans

Under the conditions of employment, employees of the Corporation may qualify for and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus and severance benefits. The benefit obligation was determined on an actuarial basis. The obligation for vacation leave, sick leave, and severance benefits was calculated using the projected benefit method pro-rated on service. The remaining obligation was calculated assuming all employees would receive the benefits on valuation date.

(f) Employee future benefits (continued)

Pensions

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(h) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used when accounting for matters such as impaired loans, allowances for payment subsidies for Home Repair Loans, amortization, employee future benefits and contingencies.

(i) Recoveries - Cost shared agreements

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation has entered into cost sharing agreements whereby operating deficits of certain housing projects are cost shared with CMHC. The Corporation has also entered into cost sharing agreements to share the operating deficits of certain housing projects with the City of Whitehorse.

3 Cash

The Corporation has, if needed, an operating demand overdraft facility with its banker that allows the Corporation to borrow up to $11,000,000 at bank prime. The bank prime rate at *year end* was 4.75% (2002 - 4.00%). The overdraft facility is guaranteed by Government of Yukon.

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

4. Mortgages, agreements and loans receivable

	Stated % interest rates	2003	2002
		Thousands of dollars	
Mortgages Receivable			
Home Ownership	4.56 - 8.50	$ 29,737	$ 27,885
Loans with terms up to ten years, secured by registered charges against real property, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest and with maturities up to 2010. Rural and Native Home Ownership mortgages receiving subsidies (see Note 2 b) at March 31, 2003 were $2,076,000 (March 31, 2002 - $2,420,000).			
Owner Build	0 - 7.30	3,081	2,735
Loans with terms up to five years, secured by registered charges against real property, at fixed rates of interest ranging from 0% to the full Home Ownership mortgage rate with maturities up to 2008.			
Repair & Upgrade	1.00 - 8.25	9,177	9,623
Loans with terms up to thirteen years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2016. Mortgages receiving subsidies and forgiveness at March 31, 2003 were $2,433,000 (March 31, 2002 - $2,626,000)			
Energy Management	1.50 - 3.50	585	818
Loans with terms up to seven years, secured by registered charges against real property or chattel mortgages, repayable in blended monthly payments at fixed rates of interest with maturities up to 2010.			
Joint Venture	2.25 - 6.75	1,673	1,442
Loans with terms up to 20 years, secured by registered charges against real property or general security agreements, repayable in blended monthly payments at fixed rates of interest with maturities up to 2022.			

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

	Stated % interest rates	2003	2002
		Thousands of dollars	
Subtotal mortgages receivable		44,253	42,503
Less: Allowances for payment subsidies for Home Repair loans		1,364	1,546
Less: Allowances for impaired loans		101	121
Total mortgages receivable		42,788	40,836
Land sales agreements receivable	4.75 - 8.50	2,475	2,242
Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2008.			
Loan receivable - Government of Yukon	7.05	4,384	4,445
Repayable in blended monthly payments to the year 2028 at a fixed rate of interest.			
Total mortgages, agreements and loans receivable		49,647	47,523
Less: Current portion		4,085	3,803
		$ 45,562	$ 43,720

These investments earn interest at the following weighted average rates:

	2003	2002
Mortgages receivable	5.87%	6.57%
Land sales agreements receivable	5.95%	7.07%
Loan receivable - Government of Yukon	7.05%	7.05%

5. Housing held for sale

	2003	2002
	Thousands of dollars	
Mountain View Place	$ 1,816	$ 1,941
Other housing inventory	294	295
	$ 2,110	$ 2,236

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

6. Seniors' Housing Management Fund

The Seniors' Housing Management Fund was established under section 7 of the *Housing Corporation Act* to provide for the future housing needs of Yukon's seniors. The Government of Yukon approved the establishment of the Fund in October 2000.

The Fund receives Government of Yukon funding through an annual appropriation and an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held within the Fund. The Corporation has not yet secured Government of Yukon approval on the parameters for the operation of the fund; there have been no payments made out of the Fund.

Changes in the Seniors' Housing Management Fund are as follows:	2003	2002
	Thousands of dollars	
Balance at beginning of year	$ 646	$ 366
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	213	168
Interest revenue earned on monies held within the Fund	20	12
Balance at end of year	$ 979	$ 646

7. Capital assets

	2003			2002
	Thousands of dollars			
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Social housing	$ 32,944	$ 12,410	$ 20,534	$ 21,510
Staff housing	12,005	4,846	7,159	7,096
Office building	1,776	309	1,467	1,533
Land	1,384	-	1,384	1,386
Other facilities	759	686	73	108
Furnishings and equipment	167	118	49	58
Computer systems	915	874	41	43
	$ 49,950	$ 19,243	$ 30,707	$ 31,734

CMHC funding used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2003 was $250,000 (2002 - $250,000).

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

8. Long-term debt

	Stated % interest rates	2003	2002
		Thousands of dollars	
Mortgages Payable (guaranteed by the Government of Yukon)	5.05 - 12.50	$ 20,141	$ 20,799
Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2029.			
CMHC Loans (guaranteed by the Government of Yukon)	5.00 - 13.25	4,563	4,724
Loans repayable in blended annual payments at fixed rates of interest to maturity, and with maturities up to 2028.			
Loans payable - Government of Yukon	0.00	21,887	22,643
Repayable without interest in periodic installments to 2028.			
Land sales agreements due to Government of Yukon	0.00	2,973	2,719
Repayable without interest in equal periodic installments to 2008.			
Total long-term debt		49,564	50,885
Less: Current portion		3,525	3,207
		$ 46,039	$ 47,678

The mortgages and loans payable bear interest at the following weighted average interest rates:

	2003	2002
Mortgages payable	8.40%	8.40%
CMHC loans	8.81%	8.82%

Principal repayments required over the next five years are as follows:

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
		(Thousands of dollars)			
2004	$	$ 714	$ 756	$ 1,879	$ 3,525
2005	192	778	756	468	2,194
2006	210	845	756	308	2,119
2007	230	919	756	188	2,093
2008	251	999	756	130	2,136

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

9. Employee future benefits

Other non-pension benefit plans

Employee future benefits are a defined benefit plan and are not funded. The results are summarized as follows:

	2003	2002
	Thousands of dollars	
Accrued benefit liability, beginning of year	$ 693	$ 672
Add: Annual benefit plan expense	214	86
Less: Benefits paid by Yukon Housing	(257)	(65)
Accrued benefit liability, end of year	$ 650	$ 693

Pensions

During the year, the Public Service Superannuation Plan required the Corporation to contribute to the Public Service Superannuation Account at a rate of 2.14 times the employee contribution.

Employer contribution	$ 285	$ 283
Employee contribution	125	129
Total contributions	$ 410	$ 412

The significant actuarial assumptions were:

Discount rate	6.5%	6.5%
Salary escalation rate	3.0%	3.0%
Annual rate of inflation	3.0%	3.0%

10. Deferred capital funding from Government of Yukon

Deferred capital funding represents the unamortized portion of Government of Yukon funding used to purchase depreciable capital assets.

Changes in the deferred capital funding balance are as follows:

	2003	2002
	Thousands of dollars	
Balance at beginning of year	$ 7,598	$ 8,041
Add funding used to purchase depreciable capital assets	641	504
Less amortization	(811)	(903)
Less unamortized funding on assets disposed of during the fiscal year charged to operations	(32)	(44)
Balance at end of year	$ 7,396	$ 7,598

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

11. Funding advanced from Government of Yukon

	2003	2002
	Thousands of dollars	
Cash advances from Government of Yukon	$ 3,555	$ 4,680
Operating grant	(452)	(1,492)
Funding used to purchase capital assets (Note 10)	(641)	(504)
Funding invested in Seniors' Housing Management Fund	(333)	(280)
Cash advances refunded to Government of Yukon	(1,966)	-
Funding advanced from Government of Yukon	$ 163	$ 2,404

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

12. Financial instruments

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2003 average market rate for mortgages and loans with similar maturities.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The carrying amount and estimated fair values of the financial instruments are as follows:

	2003		2002	
	Thousands of dollars			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term investments				
Mortgages receivable net of allowances for payment subsidies on Home Repair loans and loan impairments	$ 42,788	$ 42,446	$ 40,836	$ 39,874
Land sales agreements receivable	2,475	2,257	2,242	1,974
Loan receivable - Government of Yuk	4,384	4,070	4,445	3,682
	$ 49,647	$ 48,773	$ 47,523	$ 45,530
Long-term debt				
Mortgages payable	$ 20,141	$ 20,149	$ 20,799	$ 20,484
CMHC loans	4,563	4,864	4,724	4,932
Loans payable - Government of Yukon	21,887	8,534	22,643	9,269
Land sales agreements due to Government of Yukon	2,973	2,730	2,719	2,420
	$ 49,564	$ 36,277	$ 50,885	$ 37,105

These financial instruments do not have active markets. The fair value of these instruments may not reflect realizable amounts.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are the result of transactions incurred in the normal course of business and have no significant credit risks.

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

13. Related party transactions

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions, disclosed elsewhere in these financial statements, the Corporation enters into transactions with related entities in the normal course of business.

14. Commitments and contingencies

	2003	2002
	Thousands of dollars	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	$ 1,563	$ 1,024
Subsidies to private social housing organizations	873	930

15. Mortgage guarantees

The cost of house construction often exceeds the market value of that house in Yukon communities. Canada Mortgage and Housing Corporation provides mortgage insurance for up to 95% of the market value of a new home. Under the Extended Mortgage Guarantee Program, the Corporation will insure for up to 95% of the cost of a new house, therefore enabling rural Yukon residents to have access to insured mortgage financing.

The contingent liability for mortgage guarantees under this program as at March 31, 2003 is $242,000 (2002 - $252,000).

Yukon Housing Corporation
Notes to the financial statements
Year ended March 31, 2003

16. Government of Yukon transfer payments

The following table reconciles funding provided by the Government of Yukon as shown in these financial statements to that recorded by the Government in its Public Accounts.

	2003	2002
	Thousands of dollars	
Net results of operations before government funding	$ 1,295	$ 2,439
Less recovery - Mountain View Place inventory valuation allowance	21	-
Less amortization	(1,606)	(1,658)
Less Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	(143)	(320)
Housing project improvements	(1)	(18)
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund)	233	180
Government of Yukon - Operations and maintenance (repayment) transfer payment	$ (201)	$ 623
Add recovery - Mountain View Place inventory valuation allowance	(21)	-
Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	143	320
Housing project improvements	1	18
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation	100	100
Add funding provided to repay principal portion of long term debt	988	920
Add funding provided to purchase depreciable capital assets (Note 11)	641	504
Add funding provided to purchase non-depreciable capital assets	-	7
Less funding refunded for net book value of assets disposed	(62)	(104)
Less funding refunded for prior year repayment of principal portion of long term debt	-	(68)
Government of Yukon - Capital transfer payment	$ 1,790	$ 1,697

Schedule of Program Costs and Administration Expenses

Yukon Housing Corporation
Schedule of Program Costs and Administration Expenses
Year ended March 31, 2003

	2003	2002
	Thousands of dollars	
Program costs		
Housing operations		
General maintenance	$ 1,274	$ 1,055
Utilities	1,115	1,129
Property taxes	491	481
Subsidies - Private social housing organizations	473	837
Direct lending program administration	418	589
Garbage collection and janitorial	151	156
Property rentals	150	182
Housing program administration	92	84
Insurance	64	44
Bad debts (recoveries) - housing operations including rental tenants	(58)	153
	4,170	4,710
Other		
Home Repair mortgage provision for payment subsidies expense	143	320
Housing project improvements	1	18
	144	338
	$ 4,314	$ 5,048
Administration expenses		
Rentals - office and equipment	$ 211	$ 206
Computer services	152	119
Travel and transportation	101	121
Communications	75	79
Professional fees	59	54
Office and sundry	51	46
Program promotion	45	12
Boards and committees	28	31
	$ 722	$ 668

Schedule of Bad Debt Write-offs

Yukon Housing Corporation
Schedule of Bad Debt Write-offs
for the year ended March 31, 2003

Tenant Receivables Written Off			Invoice Date
Ollenberger, R.	$	551	1996
Ellis, R.		958	1997
McKim, S.		543	1997
Nichols, T.		883	1997
Porter, L.		582	1997
Robinson, J.		735	1997
Russell, R. & Devillier, C.		998	1997
Abel, C. & Sugden, C.		704	1999
Belcher, W.		968	1999
Berger, J.		650	1999
Cahoon, C.		903	1999
Cornell, S.		724	1999
Dillon, C.		798	1999
Hume, M.		636	1999
Lilley, D.		741	1999
Moonen, K. & J.		734	1999
Nicloux, K.		677	1999
Paguio, A.		540	1999
Farr, P.		567	2000
Risby, P.		684	2000
Senft, C.		714	2000
Taylor, S. & C.		934	2000
Ayles, K.		568	2001
Kole, P.		556	2001
Tooke, A.		929	2001
Total tenant accounts over $500 written off	$	18,277	
Other tenant accounts less than $500		8,465	
Total tenant accounts written off	$	26,742	
Miscellaneous receivables written off - Brierley, K. & D.		745	1999
Total accounts written off	$	27,487	

Total accounts written off in the year ended March 31, 2002 $36,799.

The Corporation is disclosing bad debts written off as required by subsection 14(4) of the *Financial Administration Act* .

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